BARBADOS PRIVATE SECTOR ASSOCIATION

BARBADOS PRIVATE SECTOR TRADE TEAM

EXPORTING TO THE EU

EXPORT GUIDE & ACTION PLAN

Tourism

Prepared for the Barbados Private Sector Association (BPSA) with the support of the IADB project "Building capacity to increase exports"

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ABBREVIATIONS

BHTA	Barbados Hotel and Tourism Association
BPSA	Barbados Private Sector Association
BTA	Barbados Tourism Authority
CHTA	Caribbean Hotel and Tourism Association
CTO	Caribbean Tourism Organisation
DMO	Destination Management Organisation
IDB	Inter American Development Bank
EPA	Economic Partnership Agreement
EU	European Union
GSTC	Global Sustainable Tourism Council
PTD	Package Travel Directive
TMP	Tourism Master Plan
TSA	Tourism Satellite Account
TTCI	Travel and Tourism Competitiveness Index
UK	United Kingdom
UNWTO	United Nations World Tourism Organization
WTO	World Trade Organisation
WTTC	World Travel and Tourism Council

INTRODUCTION

This export guide and action plan is one of a series of deliverables from the project *Building Private Sector Capacity to Increase Exports* sponsored by the Barbados Private Sector Association (BPSA), through the support of the Inter-American Development Bank (IDB). As the project title suggests, it is intended to elaborate possible opportunities for building export capacity among Barbadian service providers to access the EU market, within the context of the Economic Partnership Agreement (EPA). Based on five months of extensive secondary research conducted in 2012, as well as consultations with Barbados based stakeholders and the Project Steering Committee, which is comprised of leading private sector associations, the research is part of a series of four projects that will strengthen the BPSA in its role as a key participant in public policy debates affecting private sector development; while increasing awareness of changes and challenges that confront the sector. The four component projects involve:

- Improving private sector development and competitiveness;
- Providing information on the challenges and opportunities of the EPA to business owners, managers and workers;
- Building capacity to increase exports; and
- Supporting the Institutional strengthening of the BPSA.

The purpose of this report is to propose an export guide and action plan for the enhanced positioning of the Barbados arts and artisanal crafts sector within the European Union (EU) in order to take advantage of the new market access opportunities created by the Economic Partnership Agreement (EPA). This action plan is based on a sector study completed earlier with a special focus on the market prospects for Barbadian tourism and transport service providers in the EU 27; including an assessment of the value chain for the tourism sector and the marketing and distribution opportunities and requirements for tourism and transportation services. The research outcomes formed the basis of a focus group discussion with stakeholders, which was vital to the completion of the proposed action plan.

This export guide and action plan begins with this introduction and background to the plan's context, including definitions and an overview of the value chain for the export development of tourism and transportation services. Chapter 1 provides a sector situational analysis of tourism services, exploring the relationship between the European Union (EU) and Barbados and some of the current challenges facing the sector. Chapter 2 looks at some of the main opportunities for the tourism sector in Barbados under the Economic Partnership Agreement (EPA). Chapter 3 compiles information from the SWOT analysis based on the consultation with some of the Barbadian tourism stakeholders from a focus group session held 17th October 2012 in Bridgetown. Chapter 4 outlines the action plan and a potential way forward for all the key stakeholders in the sector.

The export guide and action plan is not intended as a substitute for legal or marketing advice and no liability will be assumed by the BPSA or its authors arising from the use or interpretation of the information contained herein.

CHAPTER 1 SITUATIONAL ANALYSIS: THE TOURISM SECTOR IN BARBADOS

The Caribbean tourism sector is in a period of change, as the region seeks to emerge from the global economic downturn. As Caribbean nations like Barbados look to move beyond the traditional "sun, sand and sea" attraction, they are increasingly moving to diversify their tourism product - from areas like medical tourism to events-based product. With continued financial uncertainty in some of the Caribbean's feeder markets like Europe and North America, the region is starting to look at new markets - from emerging power Brazil to China in the Far East.

In many respects, tourism in Barbados is at a crossroads. Like other destination markets, Barbados has faced challenges since 2008 when there was a huge decline in the demand for tourism services globally. Although there has been some indication of a recovery in 2010, what is of particular concern is that there remains a decline in spending. More people are traveling on tighter budgets – going on shorter vacations and staying at a three-star instead of a four-star hotel, which will impact Barbados from a macroeconomic point of view.

Barbados has officially been in the tourism business since the early 1950s – unofficially, since the 1700s – and people have been visiting the island for rest, recreation and recuperation from the temperate countries.

Tourism Services and the EU-Barbados Relationship

For too long, Barbados has, in essence, been relying upon North America and the United Kingdom for the tourists that come from outside the Caribbean region. These have been the major markets that have influenced Barbados' tourism landscape but with the signing and implementation of the CARIFORUM-EU Economic Partnership Agreement (EPA), there are opportunities that can be explored across the European market for the Barbadian tourism service provider. Barbados has had a traditional relationship with continental Europe for a long time, but it has been on an ad-hoc basis. However, in recent years, the new relationship with air-carrier Condor has contributed to an increase in the number of arrivals from Germany. There was also a successful charter in the 2011 winter season from the Nordic region and Barbados is looking to expand this to Stockholm and Helsinki in the near future.

The EPA, which provides for the liberalisation of trade in goods and services between CARIFORUM and the EU, has been attracting much attention throughout the Caribbean and beyond. However, four years later, what have been the tangible benefits for the Barbadian private sector businesses trying to use this agreement to their advantage? The decision to negotiate an EPA with the EU was influenced by the realization that Barbados and other CARIFORUM countries needed to change their approach to doing business with Europe. Barbadian policy-makers perceived that the EPA could be used as an effective mechanism to advance the country's development by facilitating its restructuring into areas of activity where it could be more competitive. The EPA could also be supportive by addressing a number of the

supply-side constraints which have been negatively affecting the competitiveness of Barbados' economic operators.

The services sector is one of those areas, which has been identified as having the potential to contribute significantly to sustainable development in Barbados and other CARIFORUM countries. Barbados, as a small economy, increasingly dependent on the services sector, saw the EPA as offering an opportunity to upgrade the capability of its services suppliers, while improving and guaranteeing access to the EU market for its services exports. This leads to the following negative consequences: (i) tremendous fluctuations in hotel occupancy rates which also impacts the supply chain (food and beverage suppliers, restaurants, laundry services, taxis, some retail stores, etc.); (ii) work force layoffs during the low season which exacerbates the already high unemployment rate; (iii) under-utilization of the general tourism infrastructure in off-peak periods; and (iv) strains on resources during the peak periods. This in turn, leads to dissatisfaction among both the tourists and local residents who face, in peak seasons, higher prices, traffic congestions, overcrowding, and low service performance.

General Market Trends Affecting Tourism

Trends and market developments offer opportunities and threats to exporters. A given trend can be a threat to some and an opportunity to others at the same time. Trends should, therefore, always be analysed in relation to the specific circumstances of the island at any given period.

E-Commerce and Tourism

Mode 1 encompasses direct marketing of CARIFORUM-based hotel services via their own Internet platforms and indirect marketing through Computer Reservation Systems, such as Amadeus, Sabre, Galileo and Worldspan. It also includes online booking engines and Internet portals, including Hotels.com, Expedia and Travelocity.

Currently, the number of bookings made directly with Caribbean hotels is small. Computer Reservation Systems, online booking engines and Internet portals are the main distribution channels for the tourism products. These are controlled by a few big international companies. As a result, under Mode 1, CARIFORUM hotel service providers' have primarily indirect access to EU tourist markets. Actual access to the EU market may be restricted by the requirements of the few key distributors.

Obtaining a Mode 1 commitment for hotels would mean that the EU would not maintain any market access barriers to CARIFORUM operators selling their services directly or indirectly in the EU market via electronic media. Given the marketing trend described above, the immediate consequence would be to remove barriers that may arise because of the dominance of the international booking agencies. With a Mode 1 commitment, there would be a legal basis on which to challenge barriers to marketing CARIFORUM tourism services. This should be considered in conjunction with the anti-competitive provisions in the EPA, which address the question of global suppliers that have the capacity to materially affect the CARIFORUM

operator's ability to participate in the market. This market access plus the anti-competition provisions would provide CARIFORUM with a stronger basis to compete against unfair practices such as exclusivity clauses. In the absence of a commitment, there is no legal basis for contesting Mode 1 barriers to market access. Hence, it is more difficult to make inroads into the market on the basis of access only via CARIFORUM's own Internet marketing.

A recent initiative by the Barbados Hotel and Tourism Authority (BHTA) called Book Barbados Now (http://www.bookbarbadosnow.com/) is seeking to address this through the use of technology to offer a direct booking agent and therefore cut out the "middle man" of EU tour operators. A smaller commission is charged for selling of members' services on their behalf and this is a revenue earning opportunity for the association. Experience has shown that in the UK the relationship between tour operators and airlines is very deep and will be difficult to alter in the short term, however, it is possible that more engagement with new EU markets, and the less familiar ones of Germany and France, could have potential.

EU Package Travel Directive

It is important to note that the EU Package Travel Directive (PTD) applies to the CARIFORUM hotels, whether they market their services directly or indirectly to the EU market. As indicated, the way in which some EU Member States have implemented the Directive appears to have been a barrier to Mode 1 access. In getting a Mode 1 commitment, CARIFORUM states may put the onus on the EU Member States to ensure that the implementation of the Directive does not create a barrier to Mode 1 access.

The EPA's treatment of tourism services is notable also for its development cooperation provisions in areas such as capacity building for environmental management, developing Internet-based marketing strategies for small- and medium-sized tourism enterprises, as well as upgrading national accounts systems to introduce tourism satellite accounts at the regional and local level. The PTD will be explored in more detail in Chapter 3 of this document.

Tourism Satellite Account

Statistical support is one of the major tools needed for a better understanding of the tourism sector. While there is a broad agreement on the importance of tourism for the development of the Caribbean region, statistics to measure the contribution of tourism to the economy and livelihood of the citizens are insufficient and inaccurate. As it stands now the countries in the region have disproportionately relied upon visitor arrival numbers and to a lesser extent visitor expenditure estimates in their desire to assess the scale and importance of tourism. A number of regional institutions and several governments in the region have acknowledged the necessity for measurement of tourism using a more effective and more precise instrument.

The Tourism Satellite Account (TSA) is globally utilized as the most reliable method for measuring the economic contribution of the tourism sector in any given country. The Caribbean region needs a consolidated approach to TSA implementation from which all countries can

benefit regardless of stage of development in their tourism and other statistical systems. This proposed project is aimed at producing an appropriately customized comprehensive regional action plan on TSA within the UNWTO framework but reflective of the realities and special circumstances of the Caribbean.

TSA is a statistical accounting framework in the field of tourism to measure the goods and services according to international standards of concepts, classifications and definitions, which allow valid comparisons from country to country in a consistent manner. A complete TSA contains detailed production accounts of the tourism industry and their linkages to other industries, employment, capital formation and additional non-monetary information on tourism. This will be relevant not only for the government of Barbados but also the business support organisations and the SMEs as it can provide an analysis of the contribution of tourism to the GDP and employment levels of the island, including a look at the direct contribution of the hotels and restaurants in comparison to the overall contribution through construction and other tourism-related services.

Current Challenges

It is evident that Barbados' tourism sector is challenged to deepen its catchment and reinvigorate its traditional UK market. Barbados tourism operators also need a strategy to target and attract potential visitors from other European countries, especially the countries of our focus – The Netherlands, Germany and France. Whilst strong statistical data exists for the travel and tourism sector, there are many deficiencies in the reporting of payments and revenues, job creation and investments. There is no database to measure trends in cultural trade or creative industry exports from Barbados.

The catalyst for reviewing the strategic direction of tourism in Barbados is the rapidly changing environment which has fundamentally altered the way consumers think, behave and travel.
Key challenges impacting the tourism sector in Barbados include:

Global financial crisis

- The recent global financial crisis and destabilisation of the world economy presents a number of challenges for the Barbadian tourism industry. The slow-down in global economic and jobs growth has heightened consumer uncertainty. This is expected to slow spending in discretionary categories such as tourism and leisure, particularly from key inbound markets. The decline in confidence is also having flow-on effects in terms of investment, which could have a negative impact on the tourism sector.

Stagnant tourism sector

- National visitation data shows that there has been a progressive decline in domestic leisure travel for virtually all travel categories since 2000. People have been taking fewer trips, spending fewer nights away and spending less per trip. This has been driven by a range of factors such as increased competition from overseas destinations, changing consumer expenditure patterns and growth in low cost airlines. The decline in domestic visitation to regional areas is a phenomenon that is also occurring nationally and in most western countries.

Changing consumption patterns

- Domestic tourism's share of household consumption has declined, with a shift towards other categories (e.g. entertainment systems, renovations etc). Households are also servicing higher levels of debt, which is putting pressure on discretionary expenditure. Budgets have been stressed further in recent times by high petrol prices which has suppressed demand for regional and touring experiences. However, this trend has started to reverse in the wake of the global financial crisis which has seen fuel costs decline from more than US$140 a barrel to around US$60 a barrel (October 2008).

Climate change

- Climate change has emerged as the key global environmental and economic challenge of the 21st century. It has significant implications for individuals, communities, governments and businesses, particularly within the tourism sector which is extremely reliant on the natural environment. Consumer awareness of climate change and environmental issues, especially the impacts of long-haul air travel, has increased substantially, creating greater pressure for the tourism industry to adopt more sustainable and environmentally friendly business practices and policies.

Increasing competition

- Barbados is facing intense competition from both domestic and overseas destinations which are becoming more innovative in aggressively marketing their offerings. Other destinations have been more aggressive in attracting new investment and developing new tourism experiences to better match the needs of today's more discerning consumers.

Demographic shifts

- The demand for new and exciting tourism experiences has become more intense due to significant shifts within Australia's population. A key factor is Australia's ageing population, driven by the Baby Boomer generation entering retirement. This may create greater demand for appropriate travel experiences for this segment e.g. Grey Nomads. The Generation Y and new Generation Z segments will also influence the future of the tourism sector. Although these segments value holidays highly, they are also more discerning and typically

It should be noted that the tourism industry is vulnerable to the upswings and downturns of the international economy, which compromises the objectives of stable growth and development, and the current trends in the tourism industry provide a limited capacity for export earnings and development of export potential. Travel and tourism trends over the last decade confirm Barbados as an exclusive tourism destination for business travel, leisure tourism and other services such as education and health services. Services exports have shown increasing trends growing at higher rates than the GDP, employing 3 of every 5 workers. Despite these positive factors, Barbados is suffering the effects of the global financial crisis. Barbados' performance has shown vulnerability to external shock produced by international events such as the Gulf war, the SARS outbreak, the terrorist attacks of September 11, and increasing oil prices. According to the Economic and Social Report 2011, the global economic crisis is estimated to have cost Barbados a 10% reduction in economic growth and caused an increasing deficit in the balance of payments over the last two years.

Services exports are an engine for economic prosperity in Barbados. However, as a small island nation, population and economy makes market opening a precondition for the streamlining of imports of its consumption basket and capital inputs, to cater for the needs of business operators and tourists whose number quadruples the number of inhabitants. Stronger export performance is also crucial for maintaining a healthy balance of the country's external accounts to pay off foreign debt, to finance imports, and to create and sustain decent jobs. The external sector of Barbados is services-oriented, with travel and tourism and financial services as the major sources of revenue.

In the context of greater openness to trade, and exposure to international competition, Barbados faces three key economic challenges - firstly, to diversify its economy to reduce the reliance on tourism for growth and the balance of payments. This will call for the establishment of new, export oriented service sectors. Secondly, it must increase value addition in the service economy so that it generates more productive, better-paid jobs increasing the return to education. Currently, the bulk of the jobs created in the service economy are unskilled and low paid. Lastly, it must accelerate the transition to a knowledge-based economy on which its ability to compete in the global economy of the 21st century will depend. Barbados' heavy reliance on the tourism sector will need to be resolved through reconsideration of the tourism strategy and diversification of exports, with an emphasis on sectors with high productivity and high growth potential.

The Travel and Tourism Competitiveness Index (TTCI) of World Economic Forum reports the ranking of the Global TTCI and each sub index and components of 133 countries and marking the level performance the performance from 0 to 7. Table 1 below shows Barbados in relation to some of the other key players in the Caribbean.

Table 1: The Travel and Tourism Competitiveness Index 2011: The Americas				SUB-INDEXES					
	OVERALL INDEX			T&T REGULATORY FRAMEWORK		T&T BUSINESS ENVIRONMENT AND INFRASTRUCTURE		T&T HUMAN, CULTURAL AND NATURAL RESOURCES	
Country/ Economy	Regional rank	Overall rank	Score	Rank	Score	Rank	Score	Rank	Score
United States	1	6	5.30	44	5.01	3	5.42	1	5.48
Canada	2	9	5.29	25	5.28	5	5.38	7	5.21
Barbados	3	28	4.84	20	5.45	21	4.99	47	4.07
Jamaica	12	65	4.12	55	4.79	59	3.93	87	3.65
Dominican Republic	14	72	3.99	63	4.66	69	3.66	89	3.65
Trinidad & Tobago	16	79	3.91	100	4.18	51	4.13	111	3.42
Guyana	21	98	3.62	91	4.25	99	3.10	102	3.50

CHAPTER 2 SUMMARY OF THE MAIN EPA OPPORTUNITIES

Barbadian enterprises and individuals, interested in supplying tourism services in the EU, should be familiar with the conditions which regulate entry into that market within the framework of "temporary presence of natural persons for business purpose". The EC's commitments relating to market access of covered services providers under the EPA can be summarized as follows in Table 2.

Table 2: Criteria for Temporary Presence of Natural Persons

CATEGORY OF PERSON	APPLICABLE CRITERIA	LENGTH OF STAY ALLOWED
Key personnel: "business visitors"	Responsible for setting up a commercial presence/business	Up to 90 days in any 12-month period
Key personnel: "intra-corporate transfers"	Senior managers or persons with specialist knowledge who have been employed by the sending company for at least one year	Up to three (3) years
Graduate trainees	University graduates, employed by the sending company for at least one year being transferred temporarily to a parent or subsidiary company	Up to one (1) year
Business services sellers	Persons negotiating a sale of service or other agreement on behalf of a services supplier, but no selling directly to the general public.	Up to 90 days in any 12-month period
Contractual services suppliers	Employee of a services supplier which has a contract to supply services, but no commercial presence in the foreign market	Up to six (6) months in any 12-month period
Independent professionals	Professionals, with at least six years experience in the relevant sector, supplying services as self-employed persons	Up to six (6) months in any 12-month period
Short-term visitors for business purpose	Tourism personnel and other persons negotiating contracts, undertaking market research, attending training seminars, trade fairs etc.	Up to 90 days in any 12-month period

The section on tourism in the EPA outlines the basic regulatory framework and operating platform for all the tourism services liberalised in the Agreement. These principles have been developed with significant input from the Caribbean Hotel and Tourism Association (CHTA) and are intended to address the major concerns of the regional travel services industry, particularly with respect to anti-competitive practices and access to various facilitating services in the EU countries. The principle stipulations in the regulatory framework include:

- The EU and signatory CARIFORUM States shall maintain or introduce appropriate measures to prevent suppliers, particularly in the context of tourism distribution networks, from engaging in anti-competitive practices. In the context of the EPA, the term tourism distribution networks means tour operators and other tourism wholesalers for (both out and in-bound); computer reservation systems and global distribution systems (whether or not connected to airlines or provided through the internet); travel agencies and other distributors of tourism services.
- Both the EU and Barbados shall cooperate towards the mutual recognition of qualifications, licenses and other certified skills in tourism and certain other services activities.
- The Parties shall endeavour to facilitate the participation of small and medium-sized enterprise in the tourism sector, including through the development of Internet marketing services
- The Parties shall endeavour to facilitate the transfer of technology on a commercial basis to businesses in CARIFORUM.
- The EU and Barbados shall encourage the participation of Barbadian and CARIFORUM services suppliers in international, regional, sub-regional, bilateral and private financing programmes to support the sustainable development of tourism.
- The Parties shall encourage compliance with environmental and quality standards applicable to tourism services in a reasonable and objective manner, without constituting unnecessary barriers to trade, and shall endeavour to facilitate the participation of the Signatory CARIFORUM States in relevant international organisations, which set environmental and quality standards applicable to tourism services.
- The Parties agree to exchange experiences, information and best practices, and to consult on issues relevant to trade between the Parties. The CARIFORUM-EC Trade and Development Committee shall develop modalities for this regular dialogue on the issues covered by the section on tourism.
- Relevant private sector stakeholders should be invited to the regular dialogue where appropriate. The Parties further agreed that regular dialogue between them should be useful on the issuance of travel advisories.

Below is a brief summary of some of the opportunities that are now available to Barbadian service providers due to the signing and subsequent implementation of the EPA.

Commercial presence: Barbadian and other CARIFORUM travel industry entrepreneurs will be able to establish businesses within the EU to attract European visitors to Barbados and to

provide related services to consumers in Europe. In the hospitality sector, a Barbadian entrepreneur, under the GATS "Mode 3" (supplying services through the establishment of the services provider in the country where the service is provided), can establish or invest in the following types of enterprises in EU Member States:

- Hotels, Restaurants, Catering and Beverage services;
- Travel and/or tour operator agencies;
- Tourist guide agencies;
- Spa Services, which include non-therapeutic massages, provided that they are offered as relaxation or physical well-being services and not for medical or rehabilitation purposes.

These opportunities are subject to certain general reservations, such as:

- Limitations on the acquisition of land and real estate in a number of EU Member States;

- Local citizenship or residency requirements for senior management or Board of Directors in Estonia, Finland, Italy, Romania and Sweden;

- Limitations on the type of business e.g. limited liability company, limited partnership in Poland;

- Limitations on the type of investment e.g. a maximum percentage for foreign shareholding or voting rights in Bulgaria, France, Finland and Italy; and economic needs test are applied in Italy with respect to hotel, restaurant, catering and beverage services.

The EPA also provides that in those sub-sectors, which the EU has opened to CARIFORUM investors, Barbadian businesses can obtain visas for Barbadian staff to work in their hotels, restaurants or travel agency offices (their commercial presences) in EC Member States.

Temporary presence of Key Personnel, Business Visitors and New Graduate Trainees: In this context, "Key Personnel", such as managers and specialists (persons with special knowledge essential to the operation of the business) as well as graduate trainees on intra-corporate transfers will be allowed entry for a period of up to 3 years. In addition, "Business Visitors", these are senior staff persons who are responsible for setting-up a commercial presence, will be allowed to enter the EU market for up to 90 days in any 12-month period. Furthermore, "New Graduate Trainees", persons who have been employed by the Barbadian company for at least one year, will also be able to join the company's branch in the EU for a maximum of one year for career development or training in particular business techniques.

These market access opportunities for Barbadian employees of Barbadian businesses in the EU are subject to the following conditions:

- Nationality conditions may be applied for tourist guide services in Bulgaria, Cyprus, Spain, France, Greece, Hungary, Italy, Lithuania, Malta, Poland, Portugal, and the Slovak Republic;

This also applies for specialists and graduate trainees providing spa services in any EU

Member State;

- Bulgaria and Hungary impose economic needs test for graduate trainees; and Austria, Finland, France, and Sweden impose nationality and/or residency requirements for the managing director of a company.

Contractual Service Suppliers: Contractual Services Suppliers, employees of a Barbadian company which has no commercial presence or permanent office in the EU but has a contract to supply services to consumers in EU Member States, can travel to the EU to provide services, under certain conditions. Barbadian tourism services providers should note that market access as contractual service suppliers only applies to persons employed by travel agencies, tour operators, and companies providing tourist guides or chef de cuisine services.

CHAPTER 3: STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS (SWOT) ANALYSIS

Table 3 below highlights the key points of a SWOT analysis of the Barbadian tourism sector, undertaken through focus group consultations with leading practitioners in the sector. How do the Barbadian tourism service providers maximise the value of the current global events and improve on them? The underlying belief of the stakeholders at the consultation is that there is a lot of untapped and under maximised potential markets on the island and one of the critical ways forward is by creating a consistent plan and sticking with it.

Table 3: Summary SWOT Analysis: Barbados

TABLE 3: SWOT ANALYSIS: BARBADIAN TOURISM SECTOR		
INTERNAL TO THE SECTOR	**STRENGTHS**	**WEAKNESSES**
	• Existing legislation to regulate environment • Global recognition of brand Barbados • Diversified product offering • Infrastructure: water, waste, treatment, roads, energy • Market knowledge	• Enforcement of environmental legislation • Policy and legislation to support collaboration • Public-private partnership framework • Research on the value of each segment to the economy • Financing for new product development • Skilled human resources (bilingual, specialised training in guiding, capable of education and cross-marketing)
EXTERNAL TO THE SECTOR	**OPPORTUNITIES**	**THREATS**
	• Capitalise on gains of previous cluster initiatives • Further use of segmentation in marketing • Support for new and emergent segments and activities(at policy level and with financing) • Use of fiscal incentives to increase business activity and growth in emergent sectors • Joint purchasing programmes	• Bureaucracy • Crime and corruption

Some of the concerns raised by the stakeholders during the consultation are highlighted below:

- There is no infrastructure and clear outline as to which organisations do tourism service providers approach or apply to for assistance with regards to opportunities within the EPA
- The BHTA applied for an institutional strengthening grant through Compete Caribbean and the Inter American Development Bank (IADB) but received no acknowledgement for over a year. Tourism is a very dynamic industry and if the turnaround time for decisions on some of the initiatives takes more than a few weeks, then the opportunity to capture a market could be lost and Barbados would not be innovators in the sector but always lagging behind in this extremely competitive market.

What would be some of the requirements to build and strengthen the current tourism sector and transpose some of the opportunities from the EPA text into reality?

- In-market expertise and complete dedication by experts
- ICT support and stronger e-commerce platforms
- Translation services for websites
- Funding access to conduct more detailed market research on prospective markets
- Ongoing training and professional development for students in the profession
- Training for e-commerce, environmental standards and sustainability

Some elements which are critical to the dominance of tourism in Barbados:

- Transportation and convenience (the quality of the environment)
- Perception of safety and security
- Cleanliness and environmentally friendly
- Needs to be more work done on the inter-sectoral linkages between tourism and the services sector, manufacturing and the agricultural community
- Consistent marketing, branding and distribution campaign
- Website, ICT and e-commerce development
- The Book Barbados Now website has generated over US$1 million in revenue. The return on investment has been 1 in 4 without any dedicated marketing professional or campaign affiliated to it.

Potential Niches for further development in Barbados Tourism

These trends have led to the growth of new market segments, and the decline of others. The following growth segments in the travel markets seem most appropriate for Barbados:

Culinary Tourism: Food and Wine Travel

"Culinary Tourism has reached the tipping point as a niche and an industry. Unique food and drink are the perfect attractions, especially for second and tertiary destinations that now must market more proactively in the globally competitive market," says Erik Wolf, President and CEO

of the International Culinary Tourism Association. Wolf goes on to say that culinary tourism is "the perfect tool for economic and community development because visitors fly, buy and try new food and drink and look for it when they return home, helping boost value-added food and drink exports. Every community should be looking for ways to promote its unique food and drink experiences."[1]

In a finding that is particularly relevant to Barbados, the survey found that "these serious culinary travelers are significantly different from other types of travelers, which has implications for any travel providers' strategy and marketing. Serious culinary travelers are more likely to shop, visit state and national parks and museums, specifically choose a destination to experience local culture and cuisine, and read epicurean magazines."[2]

The Food, Wine and Rum Festival is an annual event held in November that is internationally recognised and one of the highlights of the culinary experience in Barbados. Raw Food and the Slow Food Movement are also gaining popularity, as well as the hosting of Farm to Table events across the island.

Adventure Travel

Outdoor tourism, primarily adventure which involves some degree of risk taking, comprises at least one-fifth of the global tourism industry.[3] In Europe, the adventure travel segment is even larger, accounting for 25% of total package sales or about 443,000 adventure tourism holidays per year.[4] A survey by the Adventure Tourism Travel Association (ATTA) in 2006 found that "adventure travel is the fastest growing segment of the tourism industry," and 69% of respondents said they "planned on taking an adventure holiday."[5] In 2011, 89% of those surveyed by ATTA said that adventure travel was of "increasing importance," up from just 42% of those surveyed in 2007.[6]

In addition, due to higher than average income and interest in sustainable and responsible travel, adventure travelers are generally willing to pay an average of 10% more to ensure their

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[1] U.S. Travel Association, Comprehensive Culinary Travel Survey Provides Insights on Food and Wine Travelers, 2007, http://www.ustravel.org/news/press-releases/comprehensive-culinary-travel-survey-provides-insights-food-and-wine-travelers

[2] U.S. Travel Association, Comprehensive Culinary Travel Survey Provides Insights on Food and Wine Travelers, 2007, http://www.ustravel.org/news/press-releases/comprehensive-culinary-travel-survey-provides-insights-food-and-wine-travelers.

[3] CBI, "The EU Market for Adventure Travel," and Hotel News Resource, "Benchmark 2006 Adventure Travel Practices and Trends Report," March, 2007, http://www.hotelnewsresource.com/article26792.html.

[4] CBI, "The EU Market for Adventure Travel," and Hotel News Resource, "Benchmark 2006 Adventure Travel Practices and Trends Report," March, 2007, http://www.hotelnewsresource.com/article26792.html.

[5] CBI, "The EU Market for Adventure Travel," and Hotel News Resource, "Benchmark 2006 Adventure Travel Practices and Trends Report," March, 2007, http://www.hotelnewsresource.com/article26792.html.

[6] CBI, "The EU Market for Adventure Travel," and Hotel News Resource, "Benchmark 2006 Adventure Travel Practices and Trends Report," March, 2007, http://www.hotelnewsresource.com/article26792.html.

travel provider operates according to sustainable standards, according to a 2006 survey of U.S. travelers.[7]

Cultural and Heritage Travel

According to a 2011 UNWTO report, "Research has shown that interest in the environment, culture and heritage is a primary motivation for a large number of travelers, and is consistently growing as a market sector."[8] This is definitely true in Europe where, according to the recent OECD study, "art cities have been growing very rapidly over the last ten years. They now represent about 22% of the domestic market and are the main attraction for the international market (38% of inbound visitors)."[9] At the same time, studies show that good interpretation, including guides who have the knowledge, language, and communications skills to engage visitors, is vital in heritage and cultural tourism. According to the UNWTO, "The aim of good heritage communication is to ensure that the initial tourism experience of a place generates sufficient interest that the tourist will return and seek even deeper experiences."[10]

Beach Resort Tourism

While these market segments described above have all been growing rapidly over the last decade, there has been a simultaneous shift away from beach tourism. The UNWTO, in its analysis of tourism market trends from 2000 through 2020, stated that sun-and-sand resort tourism has "matured as a market" and its growth is projected to "remain flat."[11] According to a study of small-island developing states "the massive tourist development of the last decades produced, on the one hand, an indiscriminate exploitation of the natural resources" while on the other, rapid building and "growing urbanizations with little planning" leading to "degradation and pollution."[12]

In Barbados beach resorts continue to be the main tourism attraction for the international market, but there is a progressive shift of tourism demand from beach tourism to heritage and culture which means that there needs to be a rethinking of traditional tourism business models.

Cruise versus Yachting Tourism

Cruise tourism is one of the most popular, fastest-growing and most profitable segments of the tourism industry. Since 1970, for instance, the number of people taking cruises globally has jumped over 24-fold, to about 12 million per year – and the number is projected to double again by 2020.[13] In recent years, there has been growing concern about the negative impacts of cruise tourism. These include a range of environmental problems such as illegal dumping at sea

[7] CBI, "The EU Market for Adventure Travel," and Hotel News Resource, "Benchmark 2006 Adventure Travel Practices and Trends Report," March, 2007, http://www.hotelnewsresource.com/article26792.html.
[8] UNWTO, Communicating Heritage: A Handbook for the Tourism Sector, 2011, p. 1
[9] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 37
[10] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 37
[11] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 40
[12] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 54

[13] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 37

of sewage and waste water, oily discharge, invasive species in ballast water, and damage or destruction of marine environments, including coral reefs. In terms of social or cultural impacts, the large visitor volumes of cruise passengers discharged from a ship can be overwhelming to a small island like Barbados.

In addition, the economic benefits of cruise tourism to the ports-of-call are small, especially when compared with earnings from stay over tourists. The economic model of cruise ships is similar to that of all-inclusive resorts: to retain as much as possible of tourism spending within the business. Therefore cruise ships, while promoting the attractions of onshore visits, strive to keep as much spending as possible onboard. And, typically, 50% of money spent by passengers for onshore tours and shop purchases goes back to the cruise company.

A Caribbean Tourism Organization (CTO) study of 18 island nations found that the difference in earnings between overnight and cruise tourism is significant, with overnight visitors spending more per day, more in taxes, and, of course, staying far longer than cruise passengers. A stay over visitor spends between six and fifteen times more than the typical cruise passenger. The CTO found further that the tax income per capita for the governments of the Caribbean showed a similar pattern. In broad terms, government income from each cruise passenger was $17 ($9 in head tax plus about $8 in sales tax), while the government collected on average $133 in taxes per overnight tourist – or eight times more for overnight visitors.[14]

CTO research has found that small-scale cruise tourism is "higher value" than large "high volume" cruise ships: it produces greater economic benefits than large cruises, with a better geographic distribution, and higher participation of small and medium enterprises. Similarly, a report comparing small and big ship cruising found, "In general, big-ship cruises focus more on the journey, and small-ships cruises focus more on the destinations they visit by creating an environment that encourages guests to make purchases - such as crafts, food, and beverages - that benefit local communities." The report states further, "Most small ships have a smaller environmental footprint than big ships. They also generally offer the potential for a more positive social-economic impact on the people and destinations visited."[15]
Private yachts also bring higher benefits. According to the CTO study on the impacts of yachting in the Caribbean, "Leisure ports have an important direct effect on the town due to both the quantity of purchases made and the value added generated, particularly where wages are concerned."[16] Most beneficial is if Barbados were to become a home port for pocket cruises and/or yachts since this means that owners and passengers will arrive and depart from this town and the boats would be outfitted, serviced, and repaired there.

In summary, Barbados has many of the assets to appeal to international tourists interested in these newer market segments discussed above. However, in developing its tourism sector, Barbados needs to pay particular attention to the growing interest in sustainability. As the

[14] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 37
[15] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 56
[16] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 55

UNWTO states, "The buildup of consumers' socio-environmental awareness of tourism development is leading to increased scrutiny on the part of the public in destination decision making and a growing requirement for new tourism developments to be sustainable."[17]

Table 4: Segments and Potential in Barbados

Segment	Immediate Potential	2-5 years Potential	Long-term Potential
Resort vacation	High	High	High
Wedding & Honeymoons	High	High	High
Heritage	Medium	Medium	Medium
Nature, adventure, and sport tourism	High	High	High

Barbados faces tough competition from other Caribbean countries, as well as the Eastern European countries that have recently become open and untapped markets due to their EU membership. Within the Caribbean, the Dominican Republic and Jamaica are considered the prominent all-inclusive destinations in the Caribbean. The former has capitalized in an increase in tour operator supply, including a high proportion of all-inclusive accommodation. The latter has successfully implemented various initiatives, including a social media marketing campaign through new YouTube channels, blogs, Twitter accounts and a "Visit Jamaica" Facebook page with over 150,000 Fans.

There is also some emerging competition from Gulf States, the Emirates, the Maldives and the Seychelles, with these destinations increasing in popularity and attractiveness to UK and European travellers. The fact that there is no longer the 5 hour Concorde flight from UK to Barbados also means that it is longer journey for persons travelling from Europe to Barbados. Even closer to home Cuba, Brazil and Panama all have strong relationships with countries in the EU and direct flights to facilitate trips there. Brazil will be hosting the World Cup of Football in 2014, and the Olympics and Paralympics in 2016, which will see an increase in its infrastructure and transport services.

Some of the key factors influencing competitiveness of the Barbadian tourism packages are:

- the quality of the tourism product and the price differential to end consumers based mainly on the exchange rate in relation to the US$
- the relatively high payroll/labour costs, high overheads and high tariffs and duties on imports- especially food and beverage. There is a partial list of exemptions for inputs but this does not include all items used in construction.
- The Tourism Development Act-this document needs updating and reform has been about 4 years in the making. This static and reactionary approach will not be able to sustain the Barbadian tourism package in such a rapidly changing environment.

[17] OECD, Studies on Tourism: Review of Issues and Policies, 2011, p. 57

- Global recessionary conditions are expected to dampen the increases in fuel costs, however emergence from the recession is expected to increase fuel prices which will then increase the cost of travel to Barbados
- The length of the global recession from 2007 onwards has impacted the industry significantly; reduction has also been experienced in visitor spend
- Transportation services - LIAT, Air Caraïbes and small regional shipping entities transport persons between Barbados and Martinique and Guadeloupe. Although the distance between Barbados and these islands are relatively short, due to the flight connections, a trip from Barbados to Guadeloupe may take just over an hour and a half (with short stops in Saint Lucia and Martinique), while the return journey from Guadeloupe to Barbados can take as long as up to six hours because of the wait in Saint Lucia for the connecting flight. If these islands want to seriously consider creating a competitive inter-island service, then coordination between the flight schedules of LIAT and Air Caraïbes needs to be considered.

Some of the key players in the Barbadian tourism market are:

- **The Barbados Conference Services Ltd (BCSL)** - a limited liability company with Government as its sole shareholder. BCSL's main responsibility is the management of the Sir Lloyd Erskine Sandiford Centre. Horizon Event Planners was established to provide meeting planning services.

- **The Barbados Hotel and Tourism Association** - a trade organisation representing the interests of the private sector's tourism stakeholders.

- **The Barbados Tourism Authority** - a statutory corporation which falls under the Ministry of Tourism with, inter alia, responsibility for marketing.

- **The Barbados Tourism Investment Inc**. - a limited liability company, with Government as its sole shareholder, responsible for tourism investment promotion and development in Barbados.

- **The Caribbean Hotel and Tourism Association** - has operated as an independent, not-for-profit organization. The CHTA stands out in terms of its active engagement in the negotiation process and its role in coordinating the region's tourism sector. The pivotal role played by the CHTA is explained by the national business support organizations' confidence that CHTA accurately reflected its interests and was able to effectively articulate its demands.

- **The Caribbean Tourism Organisation** – the main objective is the development of sustainable tourism for the economic and social benefit of the Caribbean people. The CTO provides the services and information through its public and private sector members to accomplish this goal.

- **The Ministry of Tourism** - this is the principal public sector agency and is responsible for spearheading policy formulation and plan development, conducting research and facilitating and monitoring of product development activities.

- **The Needhams Point Development Inc.** - a limited liability company with Government, at the moment, as its sole shareholder. It is mainly responsible for overseeing the development of Needhams Point as a Tourism Resort Area and the redevelopment of the Hilton Hotel.

- **The Private Sector Trade Team** - activities included encouraging tourism stakeholders to lobby for their interests and formulating positions and engaging in consultations with the Ministry of Foreign Trade.

- **The Tourism Advisory Council** - an advisory body comprising public, private, non-governmental organisations and individuals. It advises the Minister on any tourism or related matter which it deems fit as well as undertakes specific assignments given by the Minister.

- **The Tourism Development Corporation** - a non-profit organisation funded entirely by private sector companies and sponsors. These entities contribute two percent of pre-tax profits and can claim 150 percent of this amount against their taxable income. Their funds are used to assist in product development and promotional activities for the sector.

Many non-governmental organisations have been involved in tourism development including the Barbados National Trust and the Barbados Museum and Historical Society. These organisations have been working primarily on the conservation of built, cultural and architectural heritage and, to a lesser extent, on the natural heritage. The Pinelands Creative Workshop, a community-based organisation, has also been involved in poverty alleviation using tourism as one vehicle. Other agencies that are closely related and play major roles in tourism development are the National Conservation Commission, the Ministry of Environment, the National Cultural Foundation, the Town Planning Department and the Ministry of Finance and Economic Affairs.

It is evident that there is no shortage of organisations and stakeholders representing both public and private sector interests in tourism. The question is whether all these agencies are working in silos or are providing a value-added offering to the overall sustainable development and growth of the sector? This will be addressed further in Chapter 6 where an action plan for the way forward is outlined.

Ensuring and Enhancing Sustainability

Sustainable tourism is defined by the United Nations World Tourism Organization (UNWTO) as "*tourism which leads to management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.*"[18] Sustainable tourism should be low impact on the environment and local culture, while helping to generate good jobs and income for local people. The aim of sustainable tourism is to ensure that development brings a positive experience for local people, tourism companies, and the tourists themselves.

While the various discussions and plans for Barbados discuss using specific "green" technologies such as renewable energy, there is no overarching sustainability strategy. Similarly, while there are some examples of sustainable tourism initiatives such as Farm to Table Dinners, National Trust Hikes, Raw Food and Yoga Retreats, these are specific projects, not tied to an overall sustainable tourism strategy for Barbados as a tourism destination. This is an area where major work needs to be undertaken in terms of educating key decision makers and tourism practitioners, developing an overall strategy for Barbados, applying sustainability criteria to all new tourism projects on the island, and then measuring through certification programs, the social, environmental, and economic sustainability of tourism businesses. Fundamentally, sustainability principles and practices need to be "baked in" to the core - into "the DNA"- of Barbados' tourism strategy. This is not only a way to protect and enhance the cultural and natural assets, but it is also a way to differentiate Barbados from other destinations and to increase its attraction and appeal to a more discerning segment of "high value" international travelers.

Developing an effective sustainable tourism strategy must be grounded in the analysis of latest trends within the tourism industry. This includes consumer/traveler interest in socially and environmentally responsible travel as well as tourism certification programs that are promoted by UN agencies and other international development organizations, major tourism associations, international environmental NGOs, and a growing number of governments.

Demand for Sustainable and Responsible Travel

In talking about "sustainability", it usually means that Barbados can do the activity in the same or similar way for the indefinite future (sustainable in time) in three main aspects:

o ***Environmentally*** – the activity minimizes any damage to the environment (flora, fauna, water, soils, energy use, contamination, etc.) and ideally tries to benefit the environment in a positive way (through protection and conservation).

o ***Socially and culturally*** – the activity does not harm, and may revitalize the social structure or culture of the community where it is located.

o ***Economic*** – the activity does not simply begin and then rapidly die because of bad business practices; it continues to contribute to the economic well-being of the local community. A sustainable business should benefit its owners, its employees, and its neighbours.

[18] WTTC, WTO, Earth Council, *Agenda 21 for the Travel & Tourism Industry, 1996, www.wttc.org/agenda21.htm*.

When these three aspects are taken into account, this is called the "triple bottom line." It means running a business, an organization, a country, or a government in such a way that it doesn't destroy the resources – natural, cultural, or economic – on which it depends. In fact, a business that is run in this way can enhance all three aspects. The principles of sustainability can be applied to any type of tourism – mass or specialty; city, beach, or nature; large or small. They also can be applied to all sectors of the tourist industry: lodging, tours, agencies, ground operators, guiding, and transport. According to *Agenda 21 for the Travel & Tourism Industry*, "Sustainable tourism products are products which operate in harmony with local environment, community, and cultures, so that these become the permanent beneficiaries.[19]

The UNWTO has a useful list of 12 components that make up sustainable tourism[20]:

1. **Economic Viability:** To ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term.
2. **Local Prosperity:** To maximize the contribution of tourism to the economic prosperity of the host destination, including the proportion of visitor spending that is retained locally.
3. **Employment Quality:** To strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race, disability or in other ways.
4. **Social Equity:** To seek a widespread and fair distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor.
5. **Visitor Fulfillment:** To provide a safe, satisfying and fulfilling experience for visitors, available to all without discrimination by gender, race, disability, or in other ways.
6. **Local Control:** To engage and empower local communities in planning and decision making about the management and future development of tourism in their area, in consultation with other stakeholders.
7. **Community Wellbeing:** To maintain and strengthen the quality of life in local communities, including social structures and access to resources, amenities and life support systems, avoiding any form of social degradation or exploitation.
8. **Cultural Richness:** To respect and enhance the historic heritage, authentic culture, traditions, and distinctiveness of host communities.
9. **Physical Integrity:** To maintain and enhance the quality of landscapes, both urban and rural, and avoid the physical and visual degradation of the environment.
10. Biological Diversity: To support the conservation of natural areas, habitats, and wildlife, and minimize damage to them.
11. **Resource Efficiency:** To minimize the use of scarce and non renewable resources in the development and operation of tourism facilities and services.
12. **Environmental Purity:** To minimize the p the pollution of air, water, and land and the generation of waste by tourism enterprises and visitors.

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[19] WTTC, WTO, Earth Council, *Agenda 21 for the Travel & Tourism Industry, 1996, www.wttc.org/agenda21.htm*.
[20] WTTC, WTO, Earth Council, *Agenda 21 for the Travel & Tourism Industry, 1996, www.wttc.org/agenda21.htm*.

Consumer Trends for Sustainable Tourism

Within the broader picture of tourism, there are important trends that should be paid attention to in determining how to grow tourism in Barbados so that it benefits the local residents and respects the culture and the environment. Research has found that demand for responsible travel is higher and stronger relative to conventional tourism, and travelers interested in responsible vacations have shown their dedication to sustainability - even in difficult economic times. When, for instance, the U.S. market research group, CMI, asked responsible travelers how the global economic crisis would affect their travel plans, 54% of respondents reported taking a "greener" vacation within the last 12 months; 60% said they would maintain their level of "green" purchasing, while 30% said they planned to increase responsible purchases.[21]

In addition, long term sustainability of a tourism business or destination is, as the UNWTO notes, dependent on "matching the delivery of enjoyable and satisfying experiences with the customer's expectations."[22] Quality and service are equally important components, along with social and environmental sensitivity, to delivering a sustainable product.

A variety of market studies over the past ten years have documented sustained interest among consumers in tourism products and services that preserve the environment and respect local cultures. Here is a sampling:

• 74% of *Conde Nast Traveler* (a popular U.S. travel magazine with a luxury angle) readers indicate that corporate responsibility policies influence their purchasing decision,[23] and 44% of all US consumers consider environmental impact to be important when planning travel.[24]

• 96% of those who read *Conde Nast Traveler* believe that hotels and resorts should be responsible for protecting the environment.[25]

• More than 66% of all American and Australian tourists, and 90% of British travelers consider active protection of the environment, including support of local communities, to be part of a hotel's responsibility, according to the World Travel and Tourism Council (WTTC).[26]

• 43% of people in the U.S. who identify themselves as at least "eco-conscious" are willing to pay a 5% premium for responsible travel, and 40% are willing to pay up to 10% more.[27]

• Research by the Stanford Research Institute and Angus Reid consistently find that between 10% and 15% of travelers want the unusual – these are the alternative or new tourists, and growth from these groups is out-speeding that of mainstream segments. These tourists are "typically highly educated, mature, affluent, well traveled, environmentally aware and sensitive to the social and cultural traditions, systems and mores of the destinations they visit."[28]

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[21] CMI Community Marketing Inc., "Green Traveler Survey*," 2010.*

[22] UNWTO, *Communicating Heritage: A Handbook for the Tourism Sector*, 2011, p. 1.

[23] Dorinda Elliott, "Ethical Traveler Index," *Conde Nast Traveler*, May 2007.

[24] PhoCusWright, "*Going Green: the Business Impact of Environmental Awareness on Travel," 2009.*

[25] Elliott, "Ethical Traveler Index."

[26] World Travel and Tourism Council, *Travel & Tourism Economic Impact,* 2010.

[27] CMI Community Marketing Inc., "Green Traveler Survey*," 2010.*

[28] UNWTO, *Handbook on Tourism Product Development*, 2011, p. 11.

• "The build up of consumers' socio-environmental awareness of tourism development is leading to increased scrutiny on the part of the public in destination decision making and a growing requirement for new tourism developments to be sustainable," states the UNWTO.[29]

The UNWTO states further, "While we cannot expect all tourists and tourism stakeholders to become ambassadors for conservation and good environmental management, trends in contemporary tourism suggest that these issues are growing in importance within the international community and are of increasing interest as people move around the world, or visit places closer to home."[30]

These findings demonstrate that there is today strong consumer demand for sustainable tourism. In addition, there are confluences of trends suggest that the demand for sustainable tourism is likely to remain strong into the future. These trends include:

a) **Generational shifts** - The **"**Baby Boom" generation (those born between 1946 – 1964) are entering retirement and are finding themselves with more leisure time. There are, for example, almost 80 million Baby Boomers in the United States. They control 70-80% of the wealth, live longer, value more active lifestyles including long-haul travel, and are increasingly aware of environmental issues. In addition, the "Gen-Xers" (the generation born between 1961 – 1981) are environmentally conscious and have embraced conscientious consumerism or "spending your way to a greener planet." The "Gen-Yers" or "Millennials" (children of Baby Boomers born from the early 1980s to 2001) are generally extremely well informed, electronically savvy, like personal attention, and are passionate about environmental and social justice issues. Each generation influences the others and together they are driving demand for responsible tourism.

b) **Urbanization** – By 2010, half of the world population was living in cities, for the first time in human history. This is also leading to greater stresses: urban densities, increased traffic, air and noise pollution, and loss of green space. Urban workers spend increasing amounts of time in artificial environments: air-conditioned office buildings, personal cars, high-rise apartments, and in front of computer screens or on cell phones, and this adds greatly to the stress of city-dwelling. They seek to re-connect with nature. (See trend "c" below).

c) **Need to connect with nature** - In response to trend "b", urban workers are seeking to spend their leisure time in areas where they can 'reconnect with nature'. Hiking, camping, wildlife viewing, snorkeling and SCUBA holidays (all trending upward) offer a chance to escape from urban environments and busy work lives. Some urbanites, particularly younger ones, turn to active outdoor adventure travel such as white-water rafting, mountain biking, climbing, and skiing/snowboarding to both meet the need to reconnect with nature while maintaining their fast-paced lifestyle.

d) Emergence of experiential tourism - In 2001, the UNWTO identified "experiential" tourism (which encompasses ecotourism, nature, heritage, cultural, soft adventure tourism, rural and

[29] UNWTO, *Handbook*, 2011, p. 11.
[30] UNWTO, *Handbook*, 2011, p. 11.

community tourism) as among the sectors expected to grow most quickly during the coming two decades.[31] Experiential tourism is the opposite of mass tourism that traditionally focused on package tours and vacations with low levels of personal involvement. Experiential tourism shows rather than describes. It encourages visitors to actively participate in the experience and promotes activities that draw people outdoors, and into cultures and communities. In this sense it is very personal and individual. Essentially, experiential tourists seek memorable experiences.

e) Demand for authenticity - Modern consumers want authentic experiences.[32] According to the UNWTO, "The postmodern consumer's search for experiences that are engaging, personable, memorable – and above all authentic is especially strong in respect of tourism."[33] Contrived experiences created by tourism operators, theme parks, cruise lines, resorts, and so on that are based largely around consumption – eating, drinking, shopping, gambling, etc – and manufactured or mass produced entertainment are no longer favored by a growing number of travelers. Rather, consumers want to see the real thing and are savvy enough to easily tell the difference when something is not authentic.[34]

e) Conscientious consumers - Consumer demand is on the rise for products that are seen as "organic", "sustainable", "environmentally friendly", "green", "fair trade", or any other of several buzz words that imply care for the environment and for the workers.

f) Togetherness – Families are taking three-generation journeys, with grandparents, parents, and children taking holidays together. They want to enjoy and spend time with one another, but also to have the opportunity to each do different things. They seek holidays offering a range of vacations."[35]

g) Search for fulfillment - A final trend, the search for personal growth and fulfillment, is combining with the others trends listed here to drive demand for responsible tourism products. As Baby Boomers, Gen-Xers, and Millenniums or Gen-Yers seek authentic, 'green' experiences as an escape from the stress of urban life, they are also increasingly searching for deeper meaning in their vacation experiences. This has led to a tremendous growth in both "volunteer" tourism ("voluntourism")[36] and travelers' philanthropy[37] programs, where travelers donate time, money, or goods to support worthy projects in the host destination. Opportunities for personal growth and fulfillment are a value-added component of leisure holidays, and responsible tourism is growing as providers recognize this growing demand.

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[31] UNWTO, *Handbook*, 2011, p. 11.
[32] UNWTO, *Handbook*, 2011, p. 15.
[33] UNWTO, *Handbook*, 2011, p. 16.
[34] UNWTO, *Handbook*, 2011, p. 20.
[35] UNWTO, *Handbook*, 2011, p. 22.
[36] UNWTO, *Handbook*, 2011, p. 23.
[37] UNWTO, *Handbook*, 2011, p. 25.

Critical success factors

Certification: Setting Standards for Sustainability

Parallel with the increasing demand in more experiential and sustainable types of tourism has been the growth of certification programs to measure the social, environmental and economic impacts of tourism. The idea of these voluntary certification programs is to award eco-labels to companies that meet specific criteria. These sustainable tourism certification programs complement much older tourism certification programs like the five-star rating system which measures quality, service and price of hotels and restaurants.

In explaining the rationale for certification, the Global Sustainable Tourism Council (GSTC) states, "Sustainable tourism is on the rise: consumer demand is growing, travel industry suppliers are developing new green programs, and governments are creating new policies to encourage sustainable practices in tourism. But what does "sustainable tourism" really mean? How can it be measured and credibly demonstrated, in order to build consumer confidence, promote efficiency, and fight false claims?"[38] Certification sets standards and helps distinguish genuine sustainable tourism businesses from others that make empty claims. There are a number of other reasons why certification is important. They include:

Benefits for certified businesses

o Certification helps businesses to improve. Going through a certification process teaches businesses the elements of sustainability and focuses attention on the needed changes. A better-operating business tends to be more efficient and to attract more clients.

o Certification tends to reduce costs, particularly for water, electricity, and fossil fuels, without reducing the quality of service.

o The certification process is often accompanied by easier access to technical assistance and lower cost financing for tourism businesses to use new technologies.

o Certification can provide a marketing advantage to certified businesses.

Benefits for consumers

o Certification helps consumers to know which businesses are truly socially and environmentally responsible and to make choices on this basis. Certification in general increases public awareness of responsible business practices.

o Certification can alert tourists to the environmental and social issues in an area, allowing them to act more respectfully or contribute to solutions.

o Certified businesses tend to offer better quality service.

• **Benefits for governments**

o Certification helps governments protect the credibility of the destination from false claims or "green washing."

o Certification raises industry standards in health, safety, environment, and social stability.

o It lowers the regulatory costs of environmental protection.

o By requiring economic benefits to communities, certification can help reduce poverty.

[38] UNWTO, *Handbook*, 2011, p. 32

Over the last two decades, sustainable tourism certification programs have developed rapidly. Today there are an estimated 130 eco-labels and sustainable tourism certification programs, most in Europe and many designed to certify accommodations. While many of the early programs only measured environmental impacts, there has been increasing realization that the triple bottom line – environmental, social, and economic impacts – must be measured. Many of these programs are also designed to work in parallel with quality star ratings and government health and safety regulations. The newer programs often incorporate quality, administrative, health and safety criteria alongside the sustainability criteria.

While the quality of some jobs may be questionable, tourism provides opportunities for youth, women, and less advantaged groups in Barbados. Workforce development that is well coordinated and integrated with the needs of the tourism industry and government programs and funding leads to stronger economic growth, increased productivity, and expanded employment opportunities. It can prepare new entrants for tourism jobs, bring new skills to the existing workforce, and support entrepreneurship. Tourism's ability to create employment opportunities and hence contribute to the overall economic and social development is a key motive behind government support for tourism in any country, regardless of whether the country runs a fully diversified and developed economy or is a less developed country.

The OECD study on tourism in the Caribbean recognizes that the area of human resource development relative to education and training for tourism is critical: "*At present there is both a quality and a quantity gap in the education and training available. Despite the fact that the number of tourism university courses has rapidly increased in recent years, the number of students has declined. The demand for higher education skills from the sector is also very weak, with the orientation of the courses not sufficiently market-oriented, and tourism businesses not playing an active role in the definition of content or course development. There is a need to enhance the transfer of knowledge from the education sector to the industry and develop an integrated approach closely associating the regions, the private sector and the education and training organizations.*"[39]

It is clear that the development of a high qualified tourism workforce focused on youth employment is considered vital for improving the local tourism industry's sustainability and competitiveness and reducing poverty on the island.

[39] OECD Study: Tourism in Small Island Developing States, 2011, p. 45

CHAPTER 4 EXPORT DEVELOPMENT STRATEGY AND ACTION PLAN

Barbados faces numerous challenges. This report seeks to examine where Barbados's tourism sector is today, how it stakes up against other international destinations, what are the current consumer and industry trends that are relevant to Barbados, and what are the most important steps – the Tourism Master Plan – for accelerating Barbados's transition to a 21st century tourism.

Objectives of the Strategic Export Development Initiative to the EU

The general objective of the strategic export development initiative is to assist service providers in tapping into potential market opportunities arising from the EPA. The specific objectives are:

- To increase the market penetration of Barbadian tourism service providers within the middle to high end and luxury segments of the EU market, and
- To establish a functioning working committee of service providers and organizations across the value chain to contribute to long term advocacy and lobby initiatives in entering the EU market and hence the development of EPA monitoring mechanisms.

Rationale

While "A Green Paper on the Sustainable Development of Tourism in Barbados" has been effective in its efforts to guide tourism planning, it has been overtaken by time and new developments. The Ministry of Tourism has subsequently developed a White Paper on Tourism Development to provide the policy framework for the growth and development of the Barbados tourism industry. This White Paper was recently presented in Parliament and will filter into the Tourism Master Plan (TMP) for Barbados 2012-2021. The policy and planning framework will ensure that the tourism industry grows in a manner that is economically, socially and environmentally sustainable and thus able to meet the future needs of Barbadians, visitors, investors and other stakeholders.

Barbados is a mature tourism destination largely of the beach resort type, with most of the tourism related facilities and infrastructure concentrated on the south and west coasts. While there has been broad and ad hoc planning of tourism developments over the years, there has never been a holistic approach to tourism planning at the national level. If Barbados does not take a conscious and planned approach to the development of its tourism industry, which influences and is influenced by the island's natural marine and land environment; infrastructure and built environment; pattern of land use; distinctive social culture and heritage; quality of service; quality of human resources; public tourism awareness, linkages between tourism and other sectors and the overall economic and social needs of Barbadians and visitors, the country is very likely to suffer a long run a decline in the economic benefits from tourism.

Careful and comprehensive planning is therefore essential to ensure that resources are managed wisely, so that optimum benefits are obtained not only in the present, but also that the tourism assets are available for future harvesting by succeeding generations. This

responsibility largely falls to Government, working symbiotically and synergistically with private stakeholders, both domestic and external.

The TMP is expected to produce financially viable and environmentally sound tourism policies, strategies, projects and programmes for the Barbados tourism sector. It should also provide a balance between economic benefits, the Government's national objectives, the interests of private tourism stakeholders and the host population at large. The TMP will focus on major policies and strategies; and development plans and programmes in relation to:

(i) infrastructural and product development;
(ii) the physical environment, including land use patterns and the carrying capacity of the destination;
(iii) transportation systems and infrastructure needs, both external to and within the destination;
(iv) the legal, regulatory and institutional framework in relation to the environmental, social and economic dimensions of tourism development;
(v) human resource planning, development, education and training;
(vi) the framework and systems for tourism marketing, promotion and communications, including tourist information services and information technology structures, including e-commerce;
(vii) private and public sector cooperation and coordination within the hospitality and tourism industry; and
(viii) the development of inter-sectoral linkages between tourism and other economic sectors.

Methodology and Approach to Implementation

The key aspect of the proposed initiative which differs from many similar export development initiatives is the underlying objective to establish a small private sector led working committee of service providers under the BTA, BHTA and the BPSA to oversee the project development and implementation. Experience all over the world has shown that where SMEs engage in focused collaboration this leads to shared learning and catalyzes innovation. The focused collaboration in this case is an export development initiative to develop cluster members. It is important that clustering encompass all stages in the value chain. The absence of value chain engagement is a significant failing of many cluster initiatives in the Caribbean. It is widely accepted that cooperation can allow the tourism businesses retain their autonomy while:

- Developing markets faster at reduced cost and risk, in particular, export markets
- Undertaking joint activities such as market research and development beyond individual firm capabilities or resources
- Exploring new business opportunities abroad and promote integration into global markets
- Improving profitability by sharing administrative and promotional costs
- Achieving efficiency gains by shared access to technology
- Accumulating knowledge and information
- Saving time and cost using joint transportation and other export facilities
- Moving from 'reactive' to 'active' exporting.

Scope of Activities to be Undertaken

The proposed scope of activities to be undertaken represents another outcome of the consultation discussions. The strategic activities identified reflect immediate priorities to be addressed on the local level, which also offer capacity building possibilities for BPSA as an organization.

1. ***Strategic Activity 1: Establishment of a working committee/destination management organization***

As an outcome of the focus group consultations, the individuals in attendance agreed to pursue the formation a working committee. The merits of the committee have been discussed previously. A decision should be taken on the local level which organization will incubate the committee. While every attempt should be made to be inclusive in the approach to working with local tourism service providers who are willing, there is no need for the committee to be huge in numbers. As the development of the initiative progresses, various components of the value chain can be engaged according to the priority needs.

International best practices and experience have demonstrated that for destinations to compete globally, an effective Destination Management Organization (DMO) is required. DMOs may be a public sector agency, a mixed public-private sector entity or a private sector driven organization. A DMO's organization is ultimately decided by the stakeholders at the destination in terms of what they believe will be the best organization to advance their overall interests and those related to the management and coordination of tourism policy, planning, and marketing for the destination.[40] For DMOs to be effective they must have the technical capabilities and the tools necessary to work closely with the various public sector agencies and private tourism businesses and organizations that have a stake in enhancing Barbados' competitiveness and sustainability. As illustrated in Figure 1 below, the role of a DMO is key in providing the necessary leadership and coordination that Barbados needs to enhance its competitiveness.

Ideally, the DMO should have sufficient autonomy, flexibility, and funding to manage Barbados' tourism development process. This will enable it to react to the ever-changing market and environmental conditions. Based on our analysis to date, the Barbados Tourism Authority (BTA) appears to be the organization responsible for directing the many components of the strategic tourism plan, but is it capable of fulfilling the role of a DMO? This is an issue that should be addressed and clarified in the very short term to ensure that the strategic tourism development framework that is in place can be implemented by a responsible body with a clear mandate to lead the overall nature and direction of tourism policy, planning, marketing and development for the destination.

[40] Ritchie and Crouch (2003)

Figure 1: Role of a Destination Management Organization

This situation is, unfortunately, not unusual in Barbados. An OECD study of tourism in small-island developing states (SIDS) notes that the '*lack of integration of tourism policy into an overall development strategy remains problematic…and the multiplicity of stakeholders active in tourism development and promotion represent a significant challenge in terms of organization and governance, and for the implementation of a coherent and efficient national tourism strategy.*'[41] Some stakeholders stated that there is currently a lack of government leadership on tourism policies. They pointed out that this leadership vacuum prevents a number of critical issues from being addressed.

2. *Strategic Activity 2: Engagement of EU-based in-market expertise to guide branding, marketing and building of strategic relationships*

The ideal individual should be a Barbadian or of Barbadian heritage and living and working in the EU with extensive tourism and marketing expertise. This will provide the advantage of a familiarity with the local cultural norms and build trust and commitment. Perhaps Barbadian diplomatic missions in the EU could be engaged to assist in recruitment of a suitable candidate and support the monitoring of the project work programme.

[41] *OECD Studies on Tourism: Review of Issues and Policies*, OECD Publishing, 2011, p. 63.

3. *Strategic Activity 3: Development of ICT support and stronger e-commerce platform to support market penetration and online retailing of tourism services*

A recent initiative by the Barbados Hotel and Tourism Authority (BHTA) called Book Barbados Now (http://www.bookbarbadosnow.com/) is seeking to address this through the use of technology to offer a direct booking agent and therefore cut out the "middle man" of EU tour operators. A smaller commission is charged for selling of members' services on their behalf and this is a revenue earning opportunity for the association. Experience has shown that in the UK the relationship between tour operators and airlines is very deep and will be difficult to alter in the short term, however, it is possible that more engagement with new EU markets, and the less familiar ones of Germany and France, could have potential. The further enhancement of the platform should be specifically geared to the special needs of customers in the EU market; for example it should support multilingual ordering capability in relation to EU languages.

The advent of the Internet and the use of web-based and mobile, interactive technologies have dramatically changed the way travelers plan their trips and consume tourism products and services. Consequently, it is the traveler – rather than the tourism destination or product -- that is now often 'in control' of the process of creating and shaping brands and experiences.[42]

According to a UNWTO report on tourism product development, "The use of websites to research and plan trips, and to make reservations, has grown exponentially in recent years – and this growth will continue. US travel booking online revenues more than doubled between 2003 and 2009 to approaching US$ 100 billion. *The implications for all destinations are that unless they fully embrace electronic technology in all aspects of tourism planning, delivery and marketing, they will lose ground to competitors."*[43]

The UNWTO study states further: "With the universal usage of the internet and social networking sites, the spread of communication by visitors to a destination is becoming ever wider and more immediate. In consequence, the importance of delivering visitor satisfaction is intensifying."[44] Barbados is today not competing effectively in cyberspace, and is therefore losing ground to competitors. This will become an even greater problem as Barbados seeks to attract more international and independent visitors. Many web sites of tourism businesses (mainly hotels), cultural associations, and other local authorities in Barbados have partial, inconsistent, and often disjointed information with the aggravating circumstance that it creates confusion among the travel-related consumer. In addition, the web sites are not 'rich' in content to influence travel behavior for visiting the destination; they lack direct booking capabilities and do not offer greater transparency on the quality of what is being offered.

The destination of Barbados, marketing the "flagship-hub-spokes" concept, requires a web site that can provide a rich image supported by high quality and reliable information. This needs to

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[42] Gretzel, U., Fesenmaier, D.R., and O'Leary, J.T. *The Transformation of Consumer Behaviour* in Tourism Business Frontiers. Edited by Dimitrios Buhalis and Carlos Costa. Oxford, Elsevier. Ltd., 2006, p. 10.

[43] Italics emphasis added. UNWTO, *Handbook on Tourism Product Development*, 2011, p. 9.

[44] UNWTO, Handbook on Tourism Product Development, 2011, p. 64.

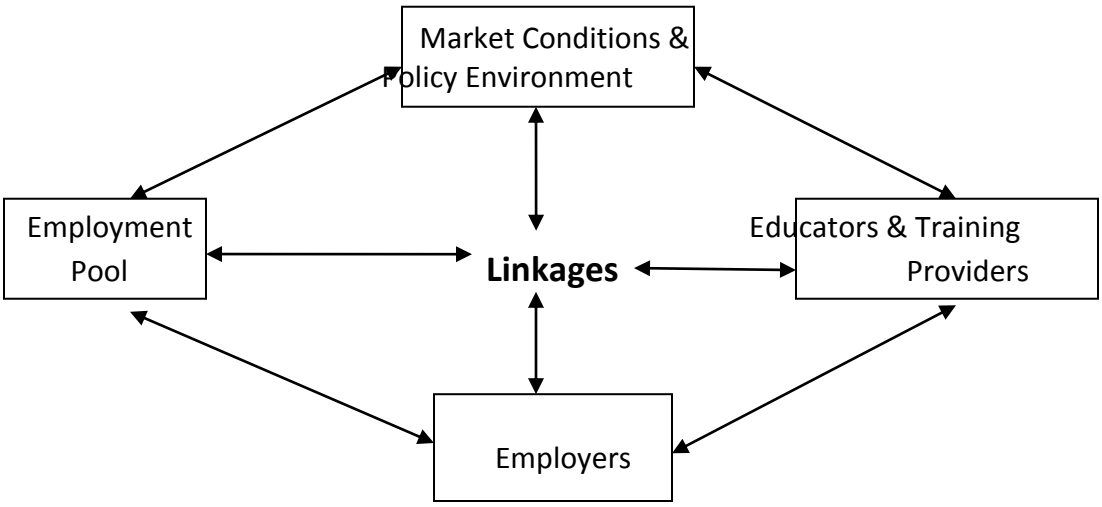
be done within an interactive format and with content that focuses on the variety of experiences the Barbados destination offers. Such a robust and engaging website will help to provide a competitive advantage over other destination web sites. As indicated previously, today's traveling consumer who access content on the Web for the purpose of planning a trip is extremely savvy and prefers to spend less time searching through numerous web sites. A destination web site needs to create value to the user, assisting them with making their travel decisions in ways they deem useful. In other words, functionalities should reflect the tourists' desire for timesaving, convenience and independence as they plan and then carry out their travel.

4. Strategic Activity 4: Development of Flagship Hub and Spokes Model

The Flagship-Hub-and-Spokes tourism product development model consists of utilizing a main (flagship) attraction as the key tourism resource to differentiate the destination from other destinations. It is an attraction characterized by its strong market appeal. The hub is the location where visitors stay-over to visit the flagship attraction and also to use as a 'headquarters' base to explore and visit other attractions (spokes) that are within a relative short proximity.

In Barbados for example, this model could be based on using the appeal, image and recent World Heritage Site status of Historic Bridgetown and its Garrison as the flagship attraction. Its 'pulling effect' is the central component for enhancing not only the site but also for revitalizing it as the 'hub' from which visitors can travel to the natural and cultural attractions (spokes) that can be visited in a day. In our evaluation, there are several main issues, however, that need to be highlighted and addressed in the short term in order to make this flagship-hub-spokes model effective. We highlight them in our SWOT analysis in Chapter 3.

Figure 2: Workforce Development System



As illustrated above, a workforce development system consists of employers, policymakers, educators, and workers. It is the collaboration and communication linkages among the four clusters that determine the system's ability to respond to changes in the market environment. The effectiveness of the system depends on the interrelationships (the linkages) among the stakeholders, as well as on the quality of information that passes between them, and on their willingness to cooperate and create competitive advantages for themselves. Barbados needs its own workforce development system in order to successfully identify the needed skills, provide training, and secure employment within the industry.

To accomplish this goal, it is necessary to undertake a tourism workforce assessment that will identify the gaps between the training and the needs of the tourism industry. Such an assessment will point to the specific needs that must be addressed to create both a well-trained workforce and a tourism workforce development system linking market conditions and employer needs to training and creation of an employment pool.
Attendance at a major trade fair will support cluster members in understanding market standards, observing distribution channel requirements and gaining knowledge to inform sourcing of inputs to comply with EU market standards and technical regulations.
Some elements which are critical to the dominance of tourism in Barbados:

5. Strategic Activity 5: Technical Assistance

Expertise should be engaged to support tourism SMEs to be consistent with the regulations outlined in the research reports as well as the individual EU standards and in consultation with the in-market consultant. Again, the bilingual nature of EU commerce needs to be considered. As highlighted by the stakeholders in the focus group consultation held in October 2w012, the technical assistance could cover these areas as priority:

- Funding access to conduct more detailed market research on prospective markets
- Ongoing training and professional development for students in the profession
- Training for e-commerce, environmental standards and sustainability

6. Strategic Activity 6: Develop local tours to promote linkages with tourism, manufacturing and agriculture and expand brand recognition, while capitalizing on the opportunities of the local market;

7. Strategic Activity 7: Develop a campaign to support the consistent marketing, branding and distribution campaign of tourism services

A local public relations consultant should be engaged to work with cluster members to package and develop craft tours to meet international tour standards and implement an appropriate media campaign promoting the status of the Barbadian artisan.

8. ***Strategic Activity 8: Design of a standardized tourism skills training and apprenticeship program and a local skills bank to support incremental employment and conservation of traditional skills***

This activity, to be undertaken among cluster group members with the support of the implementing organization, should also develop a national lobby for appropriate fiscal incentives and micro-financing to support incremental employment, apprenticeship and skills training in the interest of national development.

Action Plan and Timeframe

It is suggested that a one year pilot programme be developed to initiate the market penetration initiative. Figure 3 below shows possible sequencing of the indicative work plan.

FIGURE 3: INDICATIVE WORK PROGRAMME					
	ACTIVITY	Q1	Q2	Q3	Q4
1	Establishment of a working committee / DMO				
2	Engagement of EU-based in-market expertise				
3	Development of e-commerce				
4	Development of Hub and Spokes Model				
5	Technical assistance				
6	Develop local inter-sectoral tours				
7	Visibility campaign				
8	Design of a standardized tourism skills training and apprenticeship program and a local skills bank				

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